

**VERNON TOWNSHIP  
SHIAWASSEE COUNTY**

**FINANCIAL STATEMENTS**

**MARCH 31, 2005**

**AUDITING PROCEDURES REPORT**  
Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Vernon Township	County Shiawassee
Audit Date 3-31-05	Opinion Date 5-16-05	Date Accountant Report Submitted to State: 5-23-05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

2. We are certified public accountants registered to practice in Michigan.

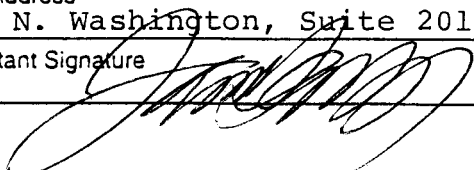
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Demis and Wenzlick, P.C.			
Street Address 217 N. Washington, Suite 201	City Owosso	State MI	ZIP 48867
Accountant Signature 			

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# DEMIS and WENZLICK, P.C.

*Certified Public Accountants*

217 N. Washington Street  
Pabst Building, Suite 201  
Owosso, MI 48867

James Demis, Jr., C.P.A.  
LaVearn G. Wenzlick, C.P.A.  
Lori S. Chant, C.P.A.  
Geraldine Terry, C.P.A.

989-723-8227 • FAX 989-725-5143  
E-MAIL [office@dw-cpa.com](mailto:office@dw-cpa.com)

Carol A. Demis  
Jeanette Gaitskill  
Janet E. Guru  
Greg Irish  
Janis K. Mead  
Tammy Pappas  
Peggy Ryan  
Joyce M. Simmons  
Gail Winnick, C.P.A.

## INDEPENDENT AUDITOR'S REPORT

Vernon Township Board  
Vernon, Michigan

We have audited the accompanying general-purpose financial statements of Vernon Township, Shiawassee County, Michigan, as of March 31, 2005. These general-purpose financial statements are the responsibility of the Vernon Township management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities and business-type activities as required by the Governmental Accounting Standards Board (GASB 34). Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. GASB 34 requires management's discussion and analysis which also has not been prepared.

In our opinion, except for the non-application of GASB 34, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Vernon as of March 31, 2005, and the results of its operations for the period then ended in conformity with accounting principles generally accepted in the United States of America.

Our examination was made for the purpose of forming an opinion on the combined general-purpose financial statements taken as a whole and on the combining and individual fund financial statements. The accompanying financial information, listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the combined general-purpose financial statements of Vernon Township. Such information has been subjected to the auditing procedures applied in the financial statements of the combined, combining and individual fund financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined general-purpose financial statements taken as a whole.

Our report of comments and recommendations has been submitted under date of May 16, 2005.

*Dennis and Wergflich, P.C.*

Certified Public Accountants

Owosso, Michigan  
May 16, 2005

VERNON TOWNSHIP  
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
MARCH 31, 2005

	<u>GENERAL FUND TYPES</u>			<u>FIDUCIARY FUND TYPE</u>	<u>ACCOUNT GROUPS</u>	
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>TRUST &amp; AGENCY</u>	<u>GENERAL FIXED ASSETS</u>	<u>GENERAL LONG TERM DEBT</u>
ASSETS:						
Cash	\$232,891	\$272,034	\$223,511	\$ 382	\$	\$
Taxes Rec.	10,579	23,227				
Due from						
Other Funds	382					
Fixed Assets					1,161,520	
Amt. To be						
Provided for						
General Long-						
Term Debt						86,375
TOTAL						
ASSETS	<u>\$243,852</u>	<u>\$295,261</u>	<u>\$223,511</u>	<u>\$ 382</u>	<u>\$1,161,520</u>	<u>\$86,375</u>
LIABILITIES:						
Accts. Pay	\$ 14,593	\$ 18,823	\$	\$	\$	\$
Due to Other						
Funds				382		
Long-Term						
Debt						86,375
TOTAL						
LIAB.	\$ 14,593	\$ 18,823	\$ -0-	\$ 382	\$ -0-	\$86,375
Investment in						
General						
Fixed						
Assets	\$	\$	\$	\$	\$1,161,520	\$
Fund Bal.	<u>229,259</u>	<u>276,438</u>	<u>223,511</u>			
TOTAL FUND						
EQUITY	<u>\$229,259</u>	<u>\$276,438</u>	<u>\$223,511</u>	<u>\$</u>	<u>\$1,161,520</u>	<u>\$</u>
TOTAL LIABILITIES						
& FUND						
EQUITY	<u>\$243,852</u>	<u>\$295,261</u>	<u>\$223,511</u>	<u>\$ 382</u>	<u>\$1,161,520</u>	<u>\$86,375</u>

The accompanying notes are an integral  
part of the financial statements.

VERNON TOWNSHIP  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
 YEAR ENDED MARCH 31, 2005

	<u>GOVERNMENTAL FUND TYPES</u>		
	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u>	<u>CAPITAL</u> <u>PROJECT</u>
REVENUES:			
Taxes	\$117,577	\$118,310	\$
Special Assessments	-0-	144,288	
Fees & Permits	19,833		
Intergovernmental	287,397		
Charges for Serv.	31,159		
Rent & Royalties	17,391		
Miscellaneous	<u>9,556</u>	<u>4,342</u>	<u>3,180</u>
TOTAL REVENUES	\$482,913	\$266,940	\$ 3,180
EXPENDITURES:			
Township Board	\$ 22,289	\$	\$
Supervisor	19,786		
Elections	5,497		
Clerk	19,475		
Board of Review	545		
Treasurer	30,285		
Professional Fees	35,329		
Cemetery	2,200		
Township Hall	19,553		
Assessor	26,108		
Highways & Streets	179,588		
Street Lights	5,233		
Drains at Large	13,730		
Building Inspector	17,431		
Planning Commission	3,221		
Insurance	29,384		
Magnet	3,960		
Fire		144,343	
Refuse		<u>148,122</u>	
TOTAL EXPENDITURES	<u>\$433,614</u>	<u>\$292,465</u>	<u>\$ -0-</u>
EXCESS OF REVENUES			
OVER (UNDER)	\$ 49,299	\$ (25,525)	\$ 3,180

The accompanying notes are an integral  
 part of the financial statements.



VERNON TOWNSHIP  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
 YEAR ENDED MARCH 31, 2005

	<u>GOVERNMENTAL FUND TYPES</u>		
	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>
Operating Transfers In	\$ -0-	\$ 50,289	\$ -0-
Operating Transfers Out	<u>(289)</u>	<u>-0-</u>	<u>(50,000)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 49,010	\$ 24,764	\$ 46,820
 Fund Balance 3-31-04	 <u>180,249</u>	 <u>251,675</u>	 <u>270,331</u>
FUND BALANCE 3-31-05	<u>\$229,259</u>	<u>\$276,439</u>	<u>\$ 223,511</u>

The accompanying notes are an integral  
 part of the financial statements.

VERNON TOWNSHIP  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE AND COMPARISON OF BUDGET TO ACTUAL  
YEAR ENDED MARCH 31, 2005

	<u>GENERAL FUND</u>			<u>SPECIAL REVENUE FUND TYPES</u>			<u>CAPITAL PROJECT FUND</u>		
REVENUES:	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>
Property Taxes	\$ 80,000	\$ 117,577	\$ (37,577)	\$ 135,000	118,310	\$ 16,690	\$	\$	\$
Special Assessments				125,000	144,288	(19,288)			
Fees & Permits	37,000	19,833	17,167						
Intergovernmental	280,000	287,397	(7,397)						
Charges for Services	0	31,159	(31,159)						
Rents & Royalties	20,000	17,391	2,609						
Interest Earned	2,000	4,520	(2,520)	0	2,036	(2,036)	3,000	3,180	(180)
Miscellaneous	500	5,036	(4,536)	0	2,306	(2,306)			
<b>TOTAL REVENUES</b>	<b>\$ 419,500</b>	<b>\$ 482,913</b>	<b>\$ (63,413)</b>	<b>\$ 260,000</b>	<b>\$ 266,940</b>	<b>\$ (6,940)</b>	<b>\$ 3,000</b>	<b>\$ 3,180</b>	<b>\$ (180)</b>
EXPENDITURES:									
Township Board	\$ 30,000	22,289	\$ 7,711	\$	\$	\$	\$	\$	\$
Supervisor	18,000	19,786	(1,786)						
Elections	6,000	5,497	503						
Clerk	25,000	19,475	5,525						
Board of Review	1,500	545	955						
Treasurer	30,000	30,285	(285)						
Professional Fees	47,000	35,329	11,671						
Cemetery	5,000	2,200	2,800						
Magnet	4,000	3,960	40						
Township Hall	20,000	19,553	447						
Assessor	25,000	26,108	(1,108)						
Highways & Streets	200,000	179,588	20,412						
Street Lights	5,000	5,233	(233)						
Drains at Large	45,000	13,730	31,270						
Building Inspector	20,000	17,431	2,569						
Planning Commission	10,000	3,221	6,779						
Insurance	30,000	29,384	616						
Fire				150,000	144,343	5,657			
Refuse				155,000	148,122	6,878			
<b>TOTAL EXPENDITURES</b>	<b>\$ 521,500</b>	<b>\$ 433,614</b>	<b>\$ 87,886</b>	<b>\$ 305,000</b>	<b>\$ 292,465</b>	<b>\$ 12,535</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
REVENUES OVER (UNDER) EXPENDITURES	\$ (102,000)	\$ 49,299	\$ (151,299)	\$ (45,000)	\$ (25,525)	\$ (19,475)	\$ 3,000	\$ 3,180	\$ (180)
OTHER SOURCES (USES) OF FUNDS:									
Operating Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,289	\$ (50,289)	\$ 0	\$ 0	\$ 0
Operating Transfers Out	0	(289)	289	0	0	0	(50,000)	(50,000)	0
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ (102,000)</u>	<u>49,010</u>	<u>\$ (151,010)</u>	<u>\$ (45,000)</u>	<u>24,764</u>	<u>\$ (69,764)</u>	<u>\$ (47,000)</u>	<u>(46,820)</u>	<u>\$ (180)</u>
Fund Balance 04/01/04		<u>180,249</u>			<u>251,675</u>			<u>270,331</u>	
Fund Balance 03/31/05		<u>\$ 229,259</u>			<u>\$ 276,439</u>			<u>\$ 223,511</u>	

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED MARCH 31, 2005

CURRENT TAX COLLECTION FUND

	<u>BALANCE</u> <u>3-31-04</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>3-31-05</u>
<b>ASSETS:</b>				
Cash	\$ <u>2,286</u>	\$ <u>2,948,854</u>	\$ <u>2,950,758</u>	\$ <u>382</u>
<b>LIABILITIES:</b>				
Due to Other Funds	\$ 331	\$ 518,176	\$ 518,125	\$ 382
Due to Other Taxing Ent.	<u>1,955</u>	<u>2,430,678</u>	<u>2,432,633</u>	<u>-0-</u>
	\$ <u>2,286</u>	\$ <u>2,948,854</u>	\$ <u>2,950,758</u>	\$ <u>382</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
SCHEDULE OF INDEBTEDNESS - FIRE TRUCK LEASE  
MARCH 31, 2005

Vernon Township purchased a fire truck, in the Fire Fund. This purchase was financed as a lease purchase and capitalized with a fair market value of \$198,350 in the March 31, 2003 fiscal year. Following are the terms of repayment, along with the amounts deemed to be interest. The average interest rate is 6.04% per annum.

RENTAL PAYMENT SCHEDULE

The rental payments shall be made for the equipment as follows:

<u>PAYMENT DATE</u>	<u>PAYMENT AMOUNT</u>	<u>INTEREST AMOUNT</u>	<u>PRINCIPAL AMOUNT</u>
10-July-05	\$ 47,138	\$ 5,216	\$ 41,922
10-July-06	<u>47,138</u>	<u>2,685</u>	<u>44,453</u>
	<u>\$ 94,276</u>	<u>\$ 7,901</u>	<u>\$ 86,375</u>

VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Vernon Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

A. COMPONENT UNITS

The accompanying financial statements present the Township's primary government and component units over which the Township exercises significant influence. Significant influence was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligation of the Township to finance any deficits that may occur or receipt of significant subsidies from the Township Component Units that do not meet the criteria for blending are reported discretely.

There are no component units that are reported in the Township's Financial Statements.

The Library Board has elected to report its audited financial statements under separate cover.

B. FUND ACCOUNTING

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2005

B. FUND ACCOUNTING (CONTINUED)

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: Governmental, Proprietary and Fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an "expendable" trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

C. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements on these funds present increases (i.e. revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2005

C. BASIS OF ACCOUNTING (CONTINUED)

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund liability is incurred.

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, and charges for services. Sales taxes collected and held by the state at year end on behalf of the government also are recognized as revenue. Fines, permits and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The government reports deferred revenue on its combined balance sheet. Deferred revenue arise when a potential revenue does not meet the "measurable" and "available" criteria for recognition are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D. BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. All annual appropriations lapse at fiscal year end.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is not utilized in the governmental funds. Encumbrances outstanding at year end are not reported as reservations of fund balances and also do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2005

E. CASH AND INVESTMENTS

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Investments are stated at cost or amortized cost, except for investments in the deferred compensation agency fund which are reported at market value.

F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

G. FIXED ASSETS

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchase fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight line method.



VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2005

H. COMPENSATED ABSENCES AND POST EMPLOYMENT BENEFITS

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditures and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for those amounts. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Under the Consolidated Omnibus Budgeting Reconciliation Act (COBRA) certain requirements are outline for health insurance coverage of former employees and eligible dependents. The Township does not have health insurance coverage for its employees, therefore, there are no post-employment health care benefits.

I. COMPARATIVE DATA

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

J. LONG-TERM OBLIGATIONS

The government reports long-term debt of governmental funds at face value in the general long-term debt account group.

K. ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, and the reported revenues and expenses.

VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2005

NOTE 2. LEGAL COMPLIANCE - BUDGETS

Before the beginning of each fiscal year, all agencies of the government submit requests for appropriation so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before the beginning of each fiscal year, the proposed budget is presented to the board for review. The government's board holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available or the revenue estimates must be changed by an affirmative vote of a majority of the board.

Expenditures may not legally exceed budgeted appropriations. The original general fund budget was amended during the year. The final amended budget is included in the financial statements.

NOTE 3. - CASH AND CERTIFICATES OF DEPOSIT

The Township's deposits at March 31, 2005, consisted of cash and certificates of deposit at one financial institution.

<u>INSTITUTION</u>	<u>AMOUNT</u>	<u>FDIC INSURED</u>	<u>UNINSURED</u>
<u>A</u>			
Demand Deposits	\$728,818	\$100,000	\$628,818

NOTE 4. - RETIREMENT

The board approved a money purchase pension plan, effective June 20, 1991. The township contributed \$3,063 to the retirement plan for the year ended March 31, 2005. The township contribution is 6% of annual compensation.

VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2005

NOTE 5. - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, Section 18 (a) as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a activity basis. The approved budgets of the township for these budgetary funds were adopted to the activity level.

During the year ended March 31, 2005, the township incurred expenditures in certain budgetary line items which were in excess of the amounts appropriated, as follows:

	<u>BUDGETED</u>	<u>EXPENDED</u>	<u>OVER BUDGET</u>
General Funds:			
Supervisor	\$ 18,000	\$ 19,786	\$1,786
Treasurer	30,000	30,285	285
Assessor	25,000	26,108	1,108
Lights	5,000	5,233	233
Transfer Out	-0-	289	289

NOTE 6. - PROPERTY TAX

Taxes levied on December 1, are payable on February 14. The township bills and collects its own property taxes and also taxes for the county and local school districts. Collections of the county and school taxes and remittances of them are accounted for in the current tax collection fund. Township property taxes are recognized when levied to the extent that they result in current receivables.

VERNON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2005

NOTE 7. - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

PRIMARY AND COMPONENT GOVERNMENTS

	BALANCE <u>3-31-04</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE <u>3-31-05</u>
Land & Building	\$ 279,370	\$ -0-	\$ -0-	\$ 279,370
Office Equipment	59,611	-0-	-0-	59,611
Library Equipment	9,644	-0-	-0-	9,644
Fire Equipment	<u>807,628</u>	<u>5,267</u>	<u>-0-</u>	<u>812,895</u>
	<u>\$1,156,253</u>	<u>\$ 5,267</u>	<u>\$ -0-</u>	<u>\$1,161,520</u>

NOTE 8. GENERAL LONG-TERM DEBT

The township purchased a fire truck, in the Fire Fund. This purchase was financed as a lease purchase and capitalized, with a fair market value of \$198,350 in the March 31, 2003 fiscal year. Following are the terms of repayment, along with the amounts deemed to be interest. The average interest rate is 6.04% per annum.

RENTAL PAYMENT SCHEDULE

The Rental Payments shall be made for the equipment as follows.

<u>PAYMENT DATE</u>	<u>PAYMENT AMOUNT</u>	<u>INTEREST AMOUNT</u>	<u>PRINCIPAL AMOUNT</u>
10-July-05	\$ 47,138	\$ 5,216	\$ 41,922
10-July-06	<u>47,138</u>	<u>2,685</u>	<u>44,453</u>
	<u>\$ 94,276</u>	<u>\$ 7,901</u>	<u>\$ 86,375</u>

NOTE L - GASB 34

The Township has elected not to present management's discussion and analysis report and display the financial position and changes in financial position of its business type activities as required by the Governmental Accounting Standards Board (GASB 34). Accounting principles generally accepted in the United States of America require the presentation of management's discussion and analysis report and the presentation of government-wide financial statements.

OTHER FINANCIAL INFORMATION

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

VERNON TOWNSHIP  
GENERAL FUND  
COMPARATIVE BALANCE SHEET  
MARCH 31, 2005 AND 2004

ASSETS

	<u>2005</u>	<u>2004</u>
Cash	\$232,891	\$187,455
Taxes Receivable	10,579	10,214
Due from Tax Fund	<u>382</u>	<u>265</u>
	<u>\$243,852</u>	<u>\$197,934</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$ 14,593	\$ 17,685
Fund Balance	<u>229,259</u>	<u>180,249</u>
	<u>\$243,852</u>	<u>\$197,934</u>

The accompanying notes are an integral  
part of the financial statements.

VERNON TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
YEAR ENDED MARCH 31, 2005 AND 2004

		<u>2005</u>		<u>2004</u>
	<u>AMENDED</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>ACTUAL</u>
	<u>BUDGET</u>			
Revenues:				
Taxes:				
Current Property				
Taxes	\$	\$101,120	\$	\$ 90,337
Mobile Home Taxes		5,154		5,476
Act 425 Taxes		<u>11,303</u>		<u>10,674</u>
TOTAL TAXES	\$ 80,000	\$117,577	\$ (37,577)	\$106,487
Fees & Permits:				
Licenses, Fees &				
Permits	\$	<u>19,833</u>	\$	<u>33,909</u>
TOTAL FEES & PERMITS	\$ 37,000	\$ 19,833	\$ 17,167	\$ 33,909
Intergovernmental:				
State of Michigan	\$	\$287,397	\$	\$310,098
TOTAL INTER-				
GOVERNMENTAL	\$280,000	\$287,397	\$ (7,397)	\$310,098
Revenues:				
Charges for Services:				
Collection Fees	.\$	<u>31,159</u>	\$	<u>28,916</u>
TOTAL CHARGES FOR				
SERVICES	\$ -0-	\$ 31,159	\$ (31,159)	\$ 28,916
Rents & Royalties:				
Hall Rental	\$	\$ 2,940	\$	\$ 2,380
Royalties		<u>14,451</u>		<u>14,532</u>
TOTAL RENTS &				
ROYALTIES	\$ 20,000	\$ 17,391	\$ 2,609	\$ 16,912

The accompanying notes are an integral part of the financial statements.



VERNON TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE (CONTINUED)  
YEAR ENDED MARCH 31, 2005 AND 2004

		<u>2005</u>		<u>2004</u>
	<u>AMENDED</u> <u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER BUDGET	<u>ACTUAL</u>
Miscellaneous Receipts:				
Metro Act	\$	\$ 4,584	\$	\$ -0-
Interest Earned		4,520		1,960
Dog Fees & Misc.		452		627
TOTAL MISCELLANEOUS	<u>\$ 2,500</u>	<u>\$ 9,556</u>	<u>\$ (7,056)</u>	<u>\$ 2,587</u>
TOTAL REVENUES	<u>\$419,500</u>	<u>\$482,913</u>	<u>\$ (63,413)</u>	<u>\$498,909</u>
Expenditures:				
General Gov't:				
Twp. Board:				
Salaries-Trustees	\$	\$ 3,508	\$	\$ 3,400
Prof. Serv.		2,800		2,700
Retirement		2,782		3,469
FICA		49		49
Print. & Publ.		66		146
Jobs		9,960		226
Water & Sewer Study		277		2,172
Dues & Educ.		<u>2,847</u>		<u>2,781</u>
	<u>\$ 30,000</u>	<u>\$ 22,289</u>	<u>\$ 7,711</u>	<u>\$ 14,943</u>
Supervisor:				
Salaries	\$	\$ 13,542	\$	\$ 12,000
FICA		179		174
Office Supplies		2,686		1,817
Tax Roll Prep.		3,379		5,556
Mileage		-0-		-0-
Education		<u>-0-</u>		<u>-0-</u>
	<u>\$ 18,000</u>	<u>\$ 19,786</u>	<u>\$ (1,786)</u>	<u>\$ 19,547</u>
Elections:				
Salaries	\$	\$ 3,716	\$	\$ 912
Rep. & Maint.		1,659		825
Print. & Publ.		106		55
Office Supp.		<u>16</u>		<u>135</u>
	<u>\$ 6,000</u>	<u>\$ 5,497</u>	<u>\$ 503</u>	<u>\$ 1,927</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE (CONTINUED)  
YEAR ENDED MARCH 31, 2005 AND 2004

		<u>2005</u>		<u>2004</u>
	<u>AMENDED</u>		ACTUAL (OVER) UNDER	
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>
Clerk:				
Salaries	\$	\$ 14,125	\$	\$ 12,000
Salary-Deputy		2,598		2,043
FICA		187		174
Office Supplies		2,348		1,433
Dues & Education		50		85
Mileage		<u>167</u>		<u>171</u>
	\$ 25,000	\$ 19,475	\$ 5,525	\$ 15,906
Board of Review:				
Salaries	\$	\$ 250	\$	\$ 350
FICA		23		27
Office Supplies		52		-0-
Education		<u>220</u>		<u>-0-</u>
	\$ 1,500	\$ 545	\$ 955	\$ 377
Treasurer:				
Salaries	\$	\$ 20,585	\$	\$ 18,436
Salaries-Deputy		3,441		3,330
FICA		281		267
Office Supplies		1,111		1,146
Tax Statement Prep.		3,379		5,114
Mileage		643		610
Software		<u>845</u>		<u>-0-</u>
	\$ 30,000	\$ 30,285	\$ (285)	\$ 28,903
Professional Fees:				
Attorney Fees	\$ 47,000	\$ 35,329	\$ 11,671	\$ 40,914
Cemetery:				
Repairs & Maint.	\$ 5,000	\$ 2,200	\$ 2,800	\$ 1,640
Magnet:	\$ 4,000	\$ 3,960	\$ 40	\$ -0-

The accompanying notes are an integral  
part of the financial statements.

VERNON TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED MARCH 31, 2005 AND 2004

		<u>2005</u>		<u>2004</u>
	<u>AMENDED</u> <u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>ACTUAL</u>
Township Hall:				
Wages	\$	\$ 375	\$	\$ 979
Repairs & Maint.		5,733		4,242
Utilities		5,224		5,224
Telephone		2,081		1,965
Mowing/Snow		1,143		-0-
Office Supplies		<u>4,997</u>		<u>695</u>
	\$ 20,000	\$ 19,553	\$ 447	\$ 13,105
Assessor:				
Salary	\$	\$ 26,108	\$	\$ 20,000
Office Supplies		<u>-0-</u>		<u>28</u>
	\$ 25,000	\$ 26,108	\$ (1,108)	\$ 20,028
Highways, Streets & Bridges:				
Roads	\$200,000	\$179,588	\$ 20,412	\$146,501
Lights:				
Public Utilities	\$ 5,000	\$ 5,233	\$ (233)	\$ 3,831
Drains:				
Drains at Large	\$ 45,000	\$ 13,730	\$ 31,270	\$ 16,805
Building Inspector:				
Salaries	\$ 20,000	\$ 17,431	\$ 2,569	\$ 29,238
Planning Commission:				
Salary	\$	\$ 2,530	\$	\$ 2,485
FICA		162		135
Office Supplies		63		22
Education		-0-		-0-
Master Use Plan		<u>466</u>		<u>14,490</u>
	\$ 10,000	\$ 3,221	\$ 6,779	\$ 17,132
Insurance	<u>30,000</u>	<u>29,384</u>	<u>616</u>	<u>27,691</u>
TOTAL EXPENDITURES	<u>\$521,500</u>	<u>\$433,614</u>	<u>\$ 87,886</u>	<u>\$398,488</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED MARCH 31, 2005 AND 2004

		<u>2005</u>		<u>2004</u>
	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>ACTUAL</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (102,000)	\$ 49,299	\$ (151,299)	\$ 100,421
Other Sources (Uses) of Funds:				
Operating Transfers				
In	\$ -0-	\$ -0-	\$ -0-	\$ 50,000
Operating Transfers				
Out	<u>-0-</u>	<u>(289)</u>	<u>289</u>	<u>(1,014)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ <u>(102,000)</u>	\$ 49,010	\$ <u>(151,010)</u>	\$ 149,407
Fund Balance at Beginning of Year		<u>180,249</u>		<u>30,842</u>
FUND BALANCE AT END OF YEAR		\$ <u>229,259</u>		\$ <u>180,249</u>

The accompanying notes are an integral part of the financial statements.

## Special Revenue Funds

### Fire Fund

Fire Fund is used to account for the operation of the township fire department. Resources of the funds are provided by a tax levy for fire protection.

### Refuse Fund

The Refuse Fund is used to account for the collection of the refuse special assessment and the disbursement of those funds for the collection of the refuse of the township's residents.

VERNON TOWNSHIP  
SPECIAL REVENUE FUND  
COMPARATIVE COMBINING BALANCE SHEET  
MARCH 31, 2005 AND 2004

	<u>2005</u>		<u>2004</u>	
	<u>FIRE</u>	<u>REFUSE</u>	<u>TOTALS</u>	<u>TOTALS</u>
ASSETS:				
Cash	\$102,041	\$169,993	\$272,034	\$253,175
Taxes Receivable	10,027	13,200	23,227	22,504
Due from Tax Fund	-0-	-0-	-0-	66
	<u>\$112,068</u>	<u>\$183,193</u>	<u>\$295,261</u>	<u>\$275,745</u>
LIABILITIES AND FUND BALANCE				
Accounts Payable	\$ 6,637	\$ 12,186	\$ 18,823	\$ 24,070
Fund Balance	<u>105,431</u>	<u>171,007</u>	<u>276,438</u>	<u>251,675</u>
	<u>\$112,068</u>	<u>\$183,193</u>	<u>\$295,261</u>	<u>\$275,745</u>

The accompanying notes are an integral  
part of the financial statements.

VERNON TOWNSHIP  
SPECIAL REVENUE FUND  
COMPARATIVE COMBINING STATEMENT OF REVENUES  
EXPENDITURES AND CHANGES IN FUND BALANCE  
YEARS ENDED MARCH 31, 2005 AND 2004

	<u>2005</u>		<u>2004</u>	
	<u>FIRE</u>	<u>REFUSE</u>	<u>TOTALS</u>	<u>TOTALS</u>
REVENUES:				
Property Taxes	\$ 118,310	\$ -0-	\$ 118,310	\$113,781
Special Assmt.	-0-	144,288	144,288	142,992
Grants	-0-	-0-	-0-	-0-
Interest	348	1,688	2,036	1,198
Other Income	<u>2,306</u>	<u>-0-</u>	<u>2,306</u>	<u>12</u>
TOTAL REVENUES	\$ 120,964	\$145,976	\$ 266,940	\$257,983
EXPENDITURES:				
Fire Expenditures	\$ 144,343	\$ -0-	\$ 144,343	\$158,297
Refuse Service	<u>-0-</u>	<u>148,122</u>	<u>148,122</u>	<u>146,493</u>
TOTAL EXPENDITURES	\$ <u>144,343</u>	\$ <u>148,122</u>	\$ <u>292,465</u>	\$ <u>304,790</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	\$ (23,379)	\$ (2,146)	\$ (25,525)	\$ (46,807)
Other Sources (Uses) of Funds:				
Operating Transfers				
In	\$ 50,289	\$ -0-	\$ 50,289	\$ 22,514
Proceeds from Long-				
Term Debt Fin.				
Operating Transfers				
Out	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES AND OTHER				
SOURCES AND USES OF				
FUNDS	\$ 26,910	\$ (2,146)	\$ 24,764	\$ (24,293)
Fund Balance at				
Beginning of Year	<u>78,522</u>	<u>173,153</u>	<u>251,675</u>	<u>275,968</u>
FUND BALANCE AT				
END OF YEAR	<u>\$105,432</u>	<u>\$171,007</u>	<u>\$276,439</u>	<u>\$251,675</u>

The accompanying notes are an integral  
part of the financial statements.

VERNON TOWNSHIP  
SPECIAL REVENUE FUND  
FIRE FUND  
COMPARATIVE BALANCE SHEET  
MARCH 31, 2005 AND 2004

ASSETS

	<u>2005</u>	<u>2004</u>
Cash	\$102,041	\$ 80,344
Taxes Receivable	10,027	9,760
Due from Tax Fund	-0-	66
	<u>\$112,068</u>	<u>\$ 90,170</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$ 6,637	\$ 11,648
Fund Balance	<u>105,431</u>	<u>78,522</u>
	<u>\$112,068</u>	<u>\$ 90,170</u>

The accompanying notes are an integral  
part of the financial statements.



VERNON TOWNSHIP  
SPECIAL REVENUE FUND  
FIRE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED MARCH 31, 2005 AND 2004

	<u>2005</u>		<u>2004</u>	
	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>ACTUAL</u>
REVENUES:				
Current Property Tax	\$	\$118,310	\$	\$113,781
Grants		-0-		-0-
Interest		348		170
Reimbursements		<u>2,306</u>		<u>12</u>
TOTAL REVENUES	\$135,000	\$120,964	\$ 14,036	\$113,963
EXPENDITURES:				
Personal Equipment	\$	\$ 96	\$	\$
Equipment		5,267		6,900
Wages		37,718		53,791
Building Maint.		2,834		1,437
Office & Misc.		1,835		1,643
Payroll Taxes		4,033		4,061
Communication		535		652
Radio Parts & Maint.		3,416		883
Truck Equipment Maint.		29,169		30,877
Fuel		1,428		1,640
Insurance		1,666		1,666
Utilities		4,810		4,484
Education & Promotion		5,223		4,018
Dues		909		682
Fire Truck-Prin.		39,534		37,282
Fire Truck-Int.		<u>5,870</u>		<u>8,281</u>
TOTAL EXPENDITURES	\$150,000	\$144,343	\$ 5,657	\$158,297
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(15,000)	(23,379)	8,379	(44,334)
OTHER SOURCES (USES) OF FUNDS:				
Operating Transfers In	\$ -0-	\$ 50,289	(50,289)	22,514
EXCESS OF REVENUES OVER (UNDER) EXPEND. & OTHER USES	\$(15,000)	\$ 26,910	\$(41,910)	\$(21,820)
Fund Bal. at Beginning of Year		<u>78,522</u>		<u>100,342</u>
FUND BALANCE AT YEAR END		<u>\$105,432</u>		<u>\$ 78,522</u>

The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
SPECIAL REVENUE FUND  
REFUSE FUND  
BALANCE SHEET  
MARCH 31, 2005 AND 2004

ASSETS

	<u>2005</u>	<u>2004</u>
Cash	\$169,993	\$172,831
Taxes Receivable	<u>13,200</u>	<u>12,744</u>
	<u>\$183,193</u>	<u>\$185,575</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$ 12,186	\$ 12,422
Fund Balance	<u>171,007</u>	<u>173,153</u>
	<u>\$183,193</u>	<u>\$185,575</u>

The accompanying notes are an integral  
part of the financial statements.

VERNON TOWNSHIP  
SPECIAL REVENUE FUND  
REFUSE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED MARCH 31, 2005 AND 2004

		<u>2005</u>		<u>2004</u>
			ACTUAL (OVER) UNDER	
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUES:				
Special Assmt.	\$	\$144,288	\$	\$142,992
Interest		<u>1,688</u>		<u>1,028</u>
TOTAL REVENUES	\$125,000	\$145,976	\$ (20,976)	\$144,020
EXPENDITURES:				
Refuse Collection				
Expense	\$155,000	\$148,122	\$ <u>6,878</u>	\$146,493
TOTAL EXPENDITURES	\$155,000	\$148,122	\$ 6,878	\$146,493
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	\$ (30,000)	\$ (2,146)	\$ (27,854)	\$ (2,473)
Fund Balance at Beginning of Year		<u>173,153</u>		<u>175,626</u>
FUND BALANCE AT END OF YEAR		<u>\$171,007</u>		<u>\$173,153</u>

The accompanying notes are an integral  
part of the financial statements.

CAPITAL PROJECTS FUNDS

REVOLVING AND IMPROVEMENT FUND

Revolving and Improvement fund is used to account for money set aside by the Township Board for future improvements within the Township.

VERNON TOWNSHIP  
REVOLVING AND IMPROVEMENT FUND  
BALANCE SHEET  
MARCH 31, 2005 AND 2004

ASSETS		
	<u>2005</u>	<u>2004</u>
Cash	<u>\$223,511</u>	<u>\$270,331</u>
FUND BALANCE		
Fund Balance	<u>\$223,511</u>	<u>\$270,331</u>

The accompanying notes are an integral  
part of the financial statements.

VERNON TOWNSHIP  
 REVOLVING AND IMPROVEMENT FUND  
 STATEMENT OF CASH REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 YEAR ENDED MARCH 31, 2005 AND 2004

	<u>BUDGET</u>	<u>2005</u>	ACTUAL OVER UNDER <u>BUDGET</u>	<u>2004</u>
REVENUES:				
Interest Income	\$ <u>3,000</u>	\$ <u>3,180</u>	\$ <u>(180)</u>	\$ <u>2,328</u>
TOTAL REVENUES	\$ 3,000	\$ 3,180	\$ (180)	\$ 2,328
OTHER SOURCES (USES) OF FUNDS:				
Operating Transfers In	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Operating Transfers Out	<u>(50,000)</u>	<u>(50,000)</u>	<u>-0-</u>	<u>(71,500)</u>
	\$ (50,000)	\$ (50,000)	\$ -0-	\$ (71,500)
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	\$ <u>(47,000)</u>	(46,820)	\$ <u>(180)</u>	(69,172)
FUND BALANCE:				
Fund Balance Beginning of Year		<u>270,331</u>		<u>339,503</u>
FUND BALANCE AT END OF YEAR		<u>\$223,511</u>		<u>\$270,331</u>

The accompanying notes are an integral  
 part of the financial statements.

Current Tax Collection Fund

Current Tax Collection Fund is used to receive the Township's current tax and to distribute such monies to the local school districts, county and township general fund.

VERNON TOWNSHIP  
CURRENT TAX COLLECTION FUND  
BALANCE SHEET  
MARCH 31, 2005 AND 2004

ASSETS

	<u>2005</u>	<u>2004</u>
Cash	\$ <u>382</u>	\$ <u>2,286</u>

LIABILITIES

Due to Other Funds	\$ 382	\$ 331
Due to Other Taxing Entities	<u>-0-</u>	<u>1,955</u>
	\$ <u>382</u>	\$ <u>2,286</u>

The accompanying notes are an integral  
part of the financial statements.



VERNON TOWNSHIP  
CURRENT TAX COLLECTION FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES  
YEARS ENDED MARCH 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
CASH RECEIPTS:		
Roll Property Tax Collection For:		
Shiawassee County	\$1,634,672	\$1,023,296
State of Michigan	-0-	448,548
Corunna School District	100,816	104,412
Durand School District	677,671	641,972
Byron School District	565	1,064
Vernon Township	92,888	82,419
Fire Fund	108,051	103,803
Refuse Fund	130,980	130,032
Library	44,014	42,319
DVA Ambulance	<u>62,088</u>	<u>61,250</u>
	\$2,851,745	\$2,639,115
Other Receipts:		
IFT	\$ 6,044	\$ 6,030
Excess Taxes Collected	3,662	7,786
Delinquent Taxes	51,700	45,521
Tax Collection Fees	28,539	26,439
Dog Licenses	3,670	1,500
Interest & Penalties	<u>3,494</u>	<u>2,307</u>
	\$ <u>97,109</u>	\$ <u>89,583</u>
TOTAL CASH RECEIPTS	\$2,948,854	\$2,728,698
CASH DISBURSEMENTS:		
Shiawassee County	\$1,647,285	\$1,025,952
State of Michigan	-0-	453,399
Corunna School District	101,111	104,564
Durand School District	683,647	642,795
Byron School District	565	1,064
Vernon Township:		
General Fund	134,386	120,005
Fire Fund	118,110	112,928
Refuse Fund	143,616	142,668
Library	48,113	46,011
Other:		
DVA Ambulance	70,263	69,300
Refunds	<u>3,662</u>	<u>7,786</u>
TOTAL CASH DISBURSEMENTS	\$2,950,758	\$2,726,473
EXCESS OF CASH RECEIPTS OVER CASH DISBURSEMENTS	\$ (1,904)	\$ 2,225
CASH BALANCES:		
Cash Balance at Beginning of Year	<u>2,286</u>	<u>61</u>
CASH BALANCE AT END OF YEAR	\$ <u><u>382</u></u>	\$ <u><u>2,286</u></u>

The accompanying notes are an integral part of the financial statements.

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets

VERNON TOWNSHIP  
GENERAL FIXED ASSET ACCOUNT GROUP  
BALANCE SHEET  
MARCH 31, 2005 AND 2004

ASSETS

	<u>2005</u>	<u>2004</u>
Building and Land	\$ 279,370	\$ 279,370
Office Equipment	59,611	59,611
Library Equipment	9,644	9,644
Fire Equipment	<u>812,895</u>	<u>807,628</u>
	<u>\$1,161,520</u>	<u>\$1,156,253</u>

FUND BALANCE

Investment in General Fixed Assets	<u>\$1,161,520</u>	<u>\$1,156,253</u>
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The accompanying notes are an integral  
part of the financial statements.

VERNON TOWNSHIP  
FIXED ASSET FUND  
ANALYSIS OF CHANGE IN FUND BALANCE  
MARCH 31, 2005

	<u>BALANCE</u> <u>3-31-04</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>3-31-05</u>
Land and Buildings \$	279,370	\$ -0-	\$ -0-	\$ 279,370
Office Equipment	59,611	-0-	-0-	59,611
Library Equipment	9,644	-0-	-0-	9,644
Fire Equipment	<u>807,628</u>	<u>5,267</u>	<u>-0-</u>	<u>812,895</u>
	<u>\$1,156,253</u>	<u>\$ 5,267</u>	<u>\$ -0-</u>	<u>\$1,161,520</u>

The accompanying notes are an integral  
part of the financial statements.

GENERAL LONG-TERM DEBT

To account for the long-term contract  
payable for the fire truck.

VERNON TOWNSHIP  
GENERAL LONG-TERM DEBT ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET  
MARCH 31, 2005 AND 2004

ASSETS

	<u>2005</u>	<u>2004</u>
Amount to be Provided for the Retirement of Contracts	\$ <u>86,375</u>	\$ <u>125,909</u>

LIABILITIES

Loans Payable	\$ <u>86,375</u>	\$ <u>125,909</u>
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The accompanying notes are an integral part of the financial statements.

VERNON TOWNSHIP  
ANALYSIS OF CHANGE IN FUND BALANCE  
GENERAL LONG-TERM DEBT  
MARCH 31, 2005

	<u>BALANCE</u> <u>3-31-04</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>3-31-05</u>
Fire Truck Loan Payable	\$ <u>125,909</u>	\$ <u>-0-</u>	\$ <u>39,534</u>	\$ <u>86,375</u>

The accompanying notes are an integral part of the financial statements.



# DEMIS and WENZLICK, P.C.

Certified Public Accountants

217 N. Washington Street  
Pabst Building, Suite 201  
Owosso, MI 48867

989-723-8227 • FAX 989-725-5143  
E-MAIL office@dw-cpa.com

James Demis, Jr., C.P.A.  
LaVearn G. Wenzlick, C.P.A.  
Lori S. Chant, C.P.A.  
Geraldine Terry, C.P.A.

Carol A. Demis  
Jeanette Gaitskill  
Janet E. Guru  
Greg Irish  
Janis K. Mead  
Tammy Pappas  
Peggy Ryan  
Joyce M. Simmons  
Gail Winnick, C.P.A.

May 16, 2005

Vernon Township  
Vernon, Michigan

In compliance with the provisions of Section 11, Paragraph 2, of Act 2, Public Acts of 1968, we wish to render our report of comments and recommendations which were formulated as a result of the examination our firm performed on the financial statements of Vernon Township for the year ended March 31, 2005.

## BUDGET

The state revenue sharing distribution law, P.A. 176, of 1980, includes a compliance requirement in budgeting. It is important under this act that expenditures do not exceed the budget. Expenditures include accounts payable at March 31. Budgeted expenditures cannot exceed budgeted revenues plus the beginning fund balance.

We would like to thank the staff of the Township and the Township Board for the excellent cooperation we received for this year's audit. Our firm would be most happy to assist you in any way toward implementing the above recommendations, or any other matter the board may wish to review with us.

Very truly yours,

*Demis and Wenzlick, P.C.*

Certified Public Accountants